

LDS Family Services (UK) Limited
(A limited company and registered charity)

Annual Report and Financial Statements

Year ended 31 December 2006

Company number: 1346482

Charity number 275643

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LDS Family Services (UK) Limited

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LDS Family Services (UK) Limited

Report of the trustees for the year ended 31st December 2006

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 31st December 2006

Legal and administrative details

Charity number 275643

Company number 1346482

Principal Office 751 Warwick Road, Solihull, West Midlands, B91 3DQ

Accountant	Paul Stobbs Chartered Accountant	1 Summer Hollow, Broadmore Green, Rushwick, Worcester WR2 5TR
Bankers	HSBC	34 Poplar Road, Solihull, West Midlands, B91 3AF
Solicitors	Devonshires	Salisbury House, London Wall, London, EC2M 5QY

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees

The trustees serving during the year and since the year-end were as follows

John Dodd
Chair/secretary

Fred Martin Riley

Dennis R Lifferth (appointed 23rd May 2007)

Harold Call Brown (resigned 23rd May 2007)

Structure, Governance and Management

Governing Document

LDS Family Services (UK) Limited is a limited company and a registered charity. The Charity is governed by its Memorandum and Articles of Association.

Appointment of trustees

As set out in the Articles of Association, new or additional directors are to be appointed by the shareholder (LDS Family Services Utah), providing such persons are willing so to act either to fill a vacancy or as an additional trustee.

The shareholder will also determine the rotation and time in which trustees are to retire. Currently no term is fixed to the term served. Trustees shall not be less than two or more than seven in number.

The Shareholder may, from time to time, vary the minimum or maximum number of directors

Trustee induction and training

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity

During the induction day they meet key employees and other trustees. Trustees are updated and advised on legal issues by Devonshires Solicitors

Organisation

The board of trustees, which can have up to 7 members, administers the charity. The board met once in 2006 but proposes to meet at least twice a year. Reports are received in or around each October for the following financial year from the Agency for approval by the Trustees. In or around March each year the Agency gives a report to the parent company on the previous year.

The trustees monitor progress throughout the year and other trustees meetings are held as and when required.

Employees

The charity has the policy of ensuring that its employees are those that are able to meet the necessary requirements of their position and are up to date on any developments required for their position. This is achieved in a variety of ways:

- Applications for new positions in the charity are invited from anyone with the relevant qualifications - the key emphasis is on their ability to meet the requirements of the position although the application form does request the applicant to mention if they have any illnesses or medical condition which the employer would need to be aware of in order to make reasonable adjustments should they be successful.
- The charity utilizes regular staff meetings during the year which help to ensure that the employees' input is received regarding any decisions which affect their interests. In addition there are websites and e-mail facilities available to enable more effective communication and training. This helps to ensure that employees receive systematic updates on matters concerning them as employees and ensures their involvement in relation to the financial and economic factors that affect the performance of the charity.
- In addition to the above points the charity is mindful of the need to cater for those with disabilities. Where any employees become incapacitated during their employment they are entitled to receive long term disability benefits from the charity. Where an employee becomes disabled but not incapacitated the employer will make any reasonable adjustments necessary. On training and career development issues, there is no distinction made between disabled and non-disabled employees. The same opportunities are available to all staff, irrespective of disability. The key emphasis is on technical ability of each employee.

Related parties

None

Risk management

Financial risk

The following statements summarise the charity's policy in managing identified forms of financial risk

- Price risk – Salary costs are communicated to staff during the formal annual review of salaries
- Credit risk – Credit risk on amounts owed to the charity by its customers is low as the majority of its debtors are those who have been used frequently by the charity in the past and have a proven reliability
- Liquidity risk – The charity has no long-term borrowings. Assurances of continuing financial support have been received from the parent company
- Interest rate cash flow risk – The charity is able to place surplus funds on short term deposit with the company's bankers

In addition the trustees have a risk management strategy which comprises

- an annual review of the risks the charity may face,
- the establishment of systems and procedures to mitigate those risks identified in the plan, and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise

Objectives and activities

The object of the charity is to provide professional, clinical, health and other similar or related services to members of the Church, infants and others, and further to assist such persons to pursue a course in life consistent with the principles and objectives of the Church

To achieve this, the charity offers a counselling service for a variety of issues. This includes where the charity will, when requested, assess missionaries before they begin their assignment to advise whether their call is suitable for them. In this activity it will deal with people with Autism, anger issues, Aspergers Syndrome etc

Achievements and performance

In 2006 the Charity operated with 35 counsellors. Each of them was given a target of 1,108 counselling hours and every counsellor was able to exceed this target

Counsellors were also able to undertake consultation sessions with ecclesiastical leader throughout the UK

At the end of 2006 the Charity ceased to be a support adoption agency and all existing records were transferred over to another agency

Financial Review

Each year the trustees carry out a detailed review of each department of the charity. They review the previous year's achievements and review and approve the budgets for next year.

The end of the year saw an overall increase in both incoming resources and resources expended, leaving an overall increase in reserves of £76,797.

This was largely due to a donation received from its parent company of £257,340. The other incoming resources comprised of family counseling services (£75,747).

Resources expended increased from £200,472 in 2005 to £256,290 in 2006. A main proportion of the increase was due to outside consultancy costs (£30,000) related to the transfer of responsibility of the support adoption function to another agency.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish.

There were no investments made by the company for the year save for any bank account interest.

Reserves policy

The trustees have established the level of reserves (that is those funds that are freely available) that the charity ought to have. Reserves are needed to bridge any funding gaps between spending and receiving resources through shareholder grants and member donations. The trustees' policy is to hold the equivalent of approximately 12 months expenditure in reserves.

The actual reserves at 31st December 2006 were £76,797 which is £180,000 short of our target.

Plans for future periods

In 2007 the Charity will be operating with 2 full-time counsellors and one Director.

- Each counsellor will have a target of 1,108 counseling hours.
- Ongoing training of ecclesiastical leaders is planned.
- A missionary couple from the US have been brought over to help with 3 particular areas.
 - The setting up of an addiction recovery programme. The plan is to train ecclesiastical leaders and to set up at least 20-30 support groups around the UK dealing with various types of addiction.
 - 10-week courses dealing with how to strengthen the family are planned to be taught in 100 congregations across the UK.
 - 10-week courses dealing with how to strengthen marriages are planned to be taught in 100 congregations across the UK.

Trustees' responsibilities in relation to the financial statements

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to

- Select suitable accounting policies and then apply them consistently,
- Make sound judgements and estimates that are reasonable and prudent, and
- Prepare the financial statements on the going concern basis as long as it is appropriate to presume that the charity will continue in business

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure of information to the charity's accountant

So far as we are aware, there is no relevant accounting information of which the charity's accountant is unaware, and

Each trustee has taken all the steps (such as making enquiries of other trustees and the accountant and any other steps required by the trustees' duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a trustee in order to make himself aware of any relevant accounting information and to establish that the charity's accountant is aware of that information.

Auditors

As the charitable company was entitled to avail of audit exemptions under section 249 of the Companies Act 1985, no audit was required for the accounts.

By order of the trustees

John Dodd

Chairman

Dated 29 October 2007

ACCOUNTANT'S REPORT TO THE MEMBERS OF
LDS Family Services (UK) Limited
for the year ended 31st December 2006

Accountant's report to the members of LDS Family Services (UK) Limited

I report on the financial statements for the year ended 31st December 2006 which comprise the statement of financial activities, the balance sheet and related notes

Respective responsibilities of directors and examiner

The directors also act as trustees for the charitable activities of LDS Family Services (UK) Limited

The charity's trustees are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year as the charity's gross income does not exceed £500,000 in either the current financial year or the financial year immediately preceeding this year

Therefore an independent examination is needed

It is my responsibility to

- a Examine the accounts
- b Follow the procedures laid down in the General Directions given by the Charity Commissioners
- c Give due regard to the requirements of the Companies Act 1985 as applicable

Basis of accountant's report

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the view given by the accounts

ACCOUNTANT'S REPORT TO THE MEMBERS OF

LDS Family Services (UK) Limited

for the year ended 31st December 2006

Accountant's statement

It is my view that:

- a The accounts of the company for the year ending 31st December 2006 are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985
- b Having regard only to, and on the basis of, the information in those accounting records, these accounts have been drawn up in a manner consistent with the provisions of the Act as specified in subsection (6) of section 249C, so far as applicable to the company
- c Having regard only to, and on the basis of, the information in the accounting records, the company satisfied the requirements of section 249A(4), for the financial year ended 31st December 2006, and did not fall within section 249B(1) (a) to (f) at any time during the financial year

In connection with my examination, no matter has come to my attention

- d Which gives me reasonable cause to believe that in any material respect the requirements
 - i To keep accounting records in accordance with section 41 of the Charities Act 1993
 - ii To prepare accounts which accord with the accounting records and comply with the accounting requirements of the 1993 Act.have not been met, or
- e To which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached

Signed



Name	Paul Stobbs
Professional Qualification	Associate, Institute of Chartered Accountants in England & Wales
Address	1 Summer Hollow Broadmore Green Rushwick Worcester WR2 5TR
Date	26 OCTOBER 2007

LDS Family Services (UK) Limited

Statement of financial activities

for the year ended 31st December 2006

	<u>Notes</u>	<u>2006</u> £	<u>2005</u> £
Incoming resources			
<i>Incoming resources from generated funds:</i>			
<i>Voluntary Income</i>			
Subsidy from parent company		257,340	151,937
<i>Incoming resources from charitable activities:</i>			
Family counselling services		75,747	43,914
<i>Other incoming resources</i>			
Gain on disposal of fixed assets		-	4,621
Total incoming resources		<u>333,087</u>	<u>200,472</u>
Resources expended			
<i>Charitable activities</i>			
Provision of family counselling	4b	222,569	196,197
Governance costs	4c	32,175	4,275
<i>Other resources expended</i>			
Loss on disposal		1,546	-
Total resources expended		<u>256,290</u>	<u>200,472</u>
Net Incoming/(outgoing) resources		76,797	-
Fund balances brought forward at 1 January 2006		-	-
Fund balances carried forward at 31 December 2006		<u><u>76,797</u></u>	<u><u>-</u></u>

The Statement of Financial Activities constitutes an Income and Expenditure account for the purposes of the Companies Act 1985.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities

The result for the year arises from the company's continuing activities

The notes on pages 12 to 16 form part of these financial statements

LDS Family Services (UK) Limited

Balance Sheet as at 31st December 2006

	<u>Notes</u>	£	<u>2006</u> £	£	<u>2005</u> £
FIXED ASSETS					
Tangible assets	5		27,679		30,573
CURRENT ASSETS					
Debtors	6	13,862		12,307	
Cash at Bank and in hand		35,706		24,550	
		<u>49,568</u>		<u>36,857</u>	
CREDITORS					
Amounts falling due within one year	7	<u>(350)</u>		<u>(67,330)</u>	
NET CURRENT LIABILITIES			49,218		(30,473)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>76,897</u>		<u>100</u>
CAPITAL AND RESERVES					
Called up share capital	8		100		100
Unrestricted income funds					
General			76,797		-
SHAREHOLDERS' FUNDS - UNRESTRICTED	9		<u>76,897</u>		<u>100</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

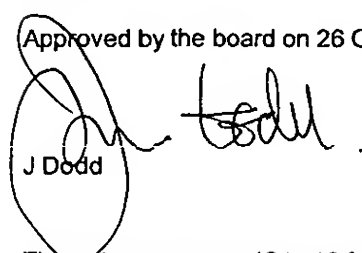
The directors have taken advantage of the Companies Act 1985 by not having these accounts audited under Section 249A(2) (partial exemption)

The directors have acknowledged their responsibilities for preparing accounts which give a true and fair view of the company and of the profit or loss for the year then ended in accordance with the requirements of Section 226 of the companies Act 1985 and which otherwise comply with the requirements of this Act relating to Accounts, so far as applicable to this company

The directors have acknowledged their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985

The directors have confirmed that no notice has been deposited under section 249B(2) of the Companies Act 1985

Approved by the board on 26 October 2007


J Dodd

Director

The notes on pages 12 to 16 form part of these financial statements

LDS Family Services (UK) Limited

Financial statements for the year ended 31st December 2006

Accounting policies

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Charities (Accounts and Reports) Regulations October 2005, the Statement of Recommended Practice "Accounting and Reporting by Charities" and under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

ACCOUNTING CONCEPT

The company's basis of accounting is that income is recorded on the accruals basis. Expenditure is recorded on a cash basis but modified for certain items of accrued expenditure. The effect of not preparing financial statements fully on the accruals basis is not considered by the directors to be material.

FRS 18

The directors have reviewed the accounting policies and confirmed that they are the most applicable

DEPRECIATION

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

Motor vehicles	over 4 years
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Assets with a cost below £5,000 are not capitalised

TURNOVER

Turnover represents the amount billed for services provided. The directors consider that an analysis of the turnover by class of business and geographical area is not appropriate and any other breakdown would be prejudicial.

CASH FLOW STATEMENT

No cash flow statement has been prepared as the company meets the small company exemption limits as defined by s247 of the Companies Act 1985

LDS Family Services (UK) Limited

Financial statements for the year ended 31st December 2006

Accounting policies

PENSION CONTRIBUTIONS

The costs of providing pensions is calculated using actuarial valuation methods which reflect the long-term costs of providing such pensions

For defined benefit schemes the regular cost of providing for pensions is calculated so as to produce a substantially level percentage of the current and estimated future pensionable payroll, variations from the regular cost so calculated are allocated to the income and expenditure account over the average remaining service lives of employees

The company has adopted the transitional arrangements of FRS17 "Retirement Benefits" for the year ended 31 December 2006. The disclosures required by this standard are shown in note 14. As permitted by its transitional arrangements, figures arising under the standard have not been reflected in the financial statements.

LDS Family Services (UK) Limited

Notes to the financial statements

for the year ended 31st December 2006

1 Turnover

The company's turnover and result before taxation were all derived from charitable work performed in connection with its principal activity

The company's turnover was wholly earned within the United Kingdom

	2006 £	2005 £
2 Result for the year		
This is stated after charging -		
Depreciation on owned assets	15,336	14,827
Auditors' remuneration	350	-
Loss/(Profit) on disposal of tangible fixed assets	1,547	(4,621)

3 Employees

The average weekly number of persons (including directors) employed by the company during the year was

	2006 No	2005 No
Directors	3	3
Counsellors	3	5
Office staff	1	1
	<u>7</u>	<u>9</u>

	2006 £	2005 £
Staff costs for the above persons		
Wages and salaries	128,588	118,259
Social security costs	16,089	11,581
Other pension costs	9,902	12,112
	<u>154,579</u>	<u>141,953</u>

No employee earned in excess of £60,000 during the year

DIRECTORS REMUNERATION

None of the directors who served during the year ended 31 December 2006 received remuneration from this company, nor was any charge made to the company for their services by any other group company. Additionally no director received reimbursement for expenses incurred during the year.

LDS Family Services (UK) Limited

Notes to the financial statements

for the year ended 31st December 2006

4a Analysis of charitable activities

	Total 2006 £	Total 2005 £
Provision of counselling services	222,569	196,197

4b Charitable activities allocation

	Charitable activities £	Support Costs £	Total Costs £
Salaries and wages	109,588	18,000	127,588
Employee benefits	21,000	4,991	25,991
Travel	29,286	500	29,786
Materials and supplies	2,323	2,997	5,320
General and Admin	14,370	-	14,370
Equipment maintenance	4,178	-	4,178
Depreciation	-	15,336	15,336
Total	180,745	41,824	222,569

All of the above support costs entirely relate to the provision of educational facilities

4c Governance costs

	Total £
Accounting costs	1,000
PACT	30,000
Tax consultancy	1,175
Total	32,175

5 Tangible fixed assets

	Motor Vehicles £
<i>Cost</i>	
1 January 2006	59,425
Disposals	(14,186)
Additions	15,989
31 December 2006	61,228
<i>Accumulated Depreciation</i>	
1 January 2006	28,852
Depreciation on vehicles sold	(10,639)
Charge for the year	15,336
31 December 2006	33,549
<i>Net Book Value</i>	
31 December 2006	27 679
31 December 2005	30,573

LDS Family Services (UK) Limited

Notes to the financial statements

for the year ended 31 December 2006

6 Debtors	2006	2005
	£	£
<i>Due within one year</i>		
Sundry debtors	13,862	12,307
	<u>13,862</u>	<u>12,307</u>
7 Creditors	2006	2005
	£	£
Bank Overdraft	-	-
Balances due to group undertakings	-	67,330
Accruals	350	-
	<u>350</u>	<u>67,330</u>
8 Share capital	2006	2005
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, issued and fully paid		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
9 Reconciliation of movement in shareholders' funds - unrestricted	2006	2005
	£	£
Result for the financial year	76,797	-
Opening shareholders' funds	100	100
	<u>76,797</u>	<u>100</u>
Closing shareholders' funds	<u>76,897</u>	<u>100</u>

Shareholders' funds are entirely attributable to equity interests

LDS Family Services (UK) Limited

Notes to the financial statements

for the year ended 31 December 2006

10 ULTIMATE HOLDING COMPANY

The company is owned by LDS Family Services (Utah), a company incorporated in USA

The ultimate holding company and controlling party is The Corporation of The Presiding Bishop of The Church of Jesus Christ of Latter-day Saints, a corporation incorporated in the state of Utah in the United States of America

Assurances of continued financial support have been received from The Corporation of The Presiding Bishop of The Church of Jesus Christ of Latter-day Saints

11 RELATED PARTY TRANSACTIONS

During the year the company received a subsidy of £257,340 from The Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints. The balance due to The Corporation of The Presiding Bishop of the Church of Jesus Christ of Latter-day Saints at the year end is disclosed in note 7 (balance due to group undertakings)

The company is provided with offices rent free by The Church of Jesus Christ of Latter-day Saints (Great Britain) a fellow subsidiary solely owned by The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints

12 FUTURE FINANCE

The Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints has confirmed that it will continue to provide the funds to support the company's future activities

13 TAXATION

The company is a registered charity and as such is entitled to certain tax exemptions on income and profits earned on in furtherance of the charity's primary objectives, if the profits and surpluses are applied solely for charitable purposes

• **LDS Family Services (UK) Limited**

Notes to the financial statements

for the year ended 31 December 2006

14 Pension and other post-employment commitments

In conjunction with The Church of Jesus Christ of Latter-day Saints (Welfare) Limited and The Church of Jesus Christ of Latter-day Saints (European Distribution) Limited, the Company operates a defined benefits Plan, the Deseret UK benefit

Plans ("the Plan") which is approved by the Inland Revenue under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988. The Plan is contracted out of the State Second Pension

The rate of contributions payable by the Company is determined by an independent qualified actuary on the basis of triennial funding valuations. Contributions paid by the Company to the Plan during the year ended 31 December 2006 amounted to £0.943 million

The assets of the Plan are held separately from the assets of the Company. The most recent triennial valuation, as at 31 December 2005, showed that the value of the Plan's assets was 97% of the value of the benefit accrued to members after allowing for future increases to earnings. The market value of the Plan's assets was £31,992,000, excluding money Loss/(Profit) on disposal of tangible fixed assets

Investment return (before retirement)	6.50% pa
Investment return (after retirement)	4.00% pa
Average Salary Increases	4.30% pa
Retail price inflation	2.80% pa
Pension Increases (post 04/1997)	2.75% pa

In order to produce the 2006 disclosures required under FRS17 a full valuation, as at 31 December 2005, has been updated, by an independent qualified actuary, using the assumptions as shown below:

	31 December 2006	31 December 2005	31 December 2004
Price inflation	3.00% pa	2.80% pa	2.90% pa
Discount rate	5.10% pa	4.75% pa	5.30% pa
Increases in payment (post 04/1997 to 04/2006)	2.90% pa	2.75% pa	2.90% pa
Pensionable salary increases	4.40% pa	4.30% pa	4.40% pa

On this basis, the balance sheet figures required under FRS17 are as follows:

	31 December 2006		31 December 2005		31 December 2004	
	Expected long-term return	Value £millions	Expected long-term return	Value £millions	Expected long-term return	Value £millions
Equities	7.40% pa	30.86	7.10% pa	16.45	7.00% pa	13.70
Bonds	4.80% pa	3.57	4.10% pa	1.81	4.80% pa	2.28
Cash	4.50% pa	0.28	4.25% pa	12.68	4.80% pa	0.00
Property	6.90% pa	1.42	6.60% pa	1.03	5.30% pa	0.37
Total market value of assets		36.13		31.97		16.35
Present value of Plan liabilities		34.86		30.17		27.01
Plan surplus/(deficit)		1.27		1.80		(10.66)